

REQUEST FOR PROPOSALS
TO PROVIDE
INVESTMENT CONSULTING SERVICES

Issued by

Board of Trustees
Employees Retirement System
City of St. Louis

Date of Issue
December 17, 2010

Date of Closing
3:00 P.M., CST
January 14, 2011

OBJECTIVE

The objective of this Request for Proposal is to identify the individual or the firm that can provide the highest quality of investment consulting services to the Board of Trustees, Employees Retirement System of the City of St. Louis (“the Board”).

INSTRUCTIONS

1. SEALED PROPOSALS:

Responses to this request shall be submitted in a sealed envelope clearly identified as:

**PROPOSAL
INVESTMENT CONSULTING SERVICES**

and mailed to or delivered to:

Mr. Richard R. Frank, Secretary
Employees Retirement System
of the City of St. Louis
1114 Market Street, Room 900
Saint Louis, MO 63101

All who respond must submit ten (10) copies of their proposals, and an electronic copy in PDF format.

2. RESPONSES:

The Board of Trustees of the Employees Retirement System of the City of St. Louis is soliciting proposals for Investment Consulting Services. Proposals will be accepted until 3:00 P.M., CST, January 14, 2011, at which time all proposals properly received will be opened.

Any previously received proposals for this service should be considered to have been rejected by the Board of Trustees, and anyone interested in providing these services must resubmit any prior proposal furnished to the Employees Retirement System of the City of St. Louis.

INSTRUCTIONS (continued)

In the event, the Board receives more than one proposal from any company, the Board shall request the company to review such proposals and advise the Board as to the one proposal it wishes the Board to consider. Should the company not advise the Board, all proposals received from the company shall be rejected.

The Board reserves the right to reject any and all proposals.

The successful firm must provide proof that it is current with respect to all applicable City taxes and licenses prior to the initiation of the contract. Please note, a City Business License is required and no such license will be issued without a Statement of Clearance issued jointly by the Collector of Revenue and the License Collector of the City of St. Louis.

Your proposal must be signed by an officer of your company and indicate that such officer is authorized to commit on behalf of your firm.

If you have specific questions requiring explanation of the content of this Request for Proposal, submit a written request for interpretation or information. Any information sent to one firm will be sent to all firms. Questions may be addressed to Richard Olliges, Accounting Officer, 1114 Market Street, Room 900, St. Louis, MO 63101.

The following **tentative** schedule has been established for the selection process:

Date of issue of RFP	December 17, 2010
Date of closing for proposals	January 14, 2011
Finalists scheduled for presentation	February 2011
Approval of Contract	March 2011
Effective Date of Contract	April 1, 2011

SELECTION CRITERIA

The following criteria will be used to evaluate responses and to select the finalists:

- A. Complete responses to all response items, including the attached questionnaire;
- B. Ability to meet service requirements;
- C. Experience in providing similar services to other clients;
- D. Commitment of the firm or individual to provide **only** investment consulting services, i.e., no in-house or affiliated brokerage or insurance providers;
- E. Qualifications and experience of individuals to be assigned to this engagement;
- F. Quality of written proposals;
- G. Quality of oral presentation, if any;
- H. Aggregate service cost, for a three-year term,
- I. Legal and regulatory compliance with SEC under the Investment Advisors Act of 1940, Internal Revenue Service (IRS), and Department of Labor (DOL),
- J. Public pension fund experience,
- K. Number of clients and total assets subject to consulting services.

Following review of the proposals received, the Board may schedule a conference with the firms judged to meet the criteria most closely.

TERMS AND CONDITIONS:

- A. The Board reserves the right to reject any and all proposals and has the right to waive any irregularities or information at any time during the process until agreement has been reached.
- B. The award, if any, will be to the proposal which, in the Board's opinion, is in the best interest of the Employees Retirement System, taking into consideration all aspects of the response, including the total net cost to the Plan.
- C. The Board will not be responsible for any expenses incurred in the preparation of any proposal or presentation.

SERVICES TO BE PROVIDED:

1. Review and update the System's Investment Policies and Guidelines;
2. Quarterly investment performance measurement and monitoring of performance;
3. Search for replacement and/or additional investment managers or custodians, conduct due diligence, and provide assistance in negotiations with same;
4. Asset Allocation Review and Asset-Liability Review;
5. Quarterly performance evaluation and September 30th annual performance evaluation with explanation why performance was good, bad or average, relative to the risk taken;
6. Ongoing monitoring of investment assets for administrative and risk compliance purposes;
7. Attendance at **all** meetings of the Board of Trustees. The Board currently schedules regular meetings on a monthly basis. Travel expenses are to be included in the quoted price;
8. Continuing education to Trustees regarding new types of investments, market conditions, etc.
9. Compliance with the Missouri Investment Fiduciary standard;
10. Manage investment risk and return;
11. Act as a fiduciary and advise the Board on any matter pertaining to the System's investments;
12. Preparation of documents necessary for transfers of funds and rebalancing;
13. Monitor and advise the Board regarding securities lending programs;
14. Advise the Board regarding industry best practices;
15. Provide liquidity and diversification analysis

QUESTIONNAIRE

Please complete the attached questionnaire and return it with your proposal.

ATTACHMENTS

The following information is contained on the enclosed CD-ROM.

1. Audited financial report for the fiscal year ended September 30, 2009.
2. Report of the Secretary (unaudited) for the fiscal year ended September 30, 2010.
3. Plan document.
4. Investment policy and guidelines.
5. Summary of investment managers at November 30, 2010.

CONSULTANT QUESTIONNAIRE

1. List the name, address and telephone number of the firm making the proposal; name, address and telephone number of the person with the firm to serve as contact person in reference to the proposal.
2. Provide the following information on your firm:
 - A. A brief history of the firm including year of origination, ownership, affiliated companies and relationships. Are any ownership changes planned or anticipated at this time? How many years have your firm provided investment consulting services to public pension plans?
 - B. A description of the firm including number and location of offices, number of professional consultants, and scope of services offered. Is your firm or its parent or affiliate a registered investment advisor? If not, what is your fiduciary classification?
 - C. Total number of clients currently served in the capacity of consultant providing service as herein requested. Range of fund sizes serviced and fund size of average client.
 - D. Number of public fund clients and average fund size.
 - E. Number of new accounts acquired and number of accounts lost in each of the years 2005 through 2010 and their asset value. State the reason(s) for terminations of any lost account.
 - F. Name, home office location, and resume of the individual(s) with the firm who will be directly responsible for servicing the System; their role and the scope of their involvement; and, all other responsibilities assumed by them. What policies are in effect to control the workload as it relates to the number of clients or accounts served by each named individual? How many clients are presently assigned to each named individual? Is there a limit on the number of accounts a project manager or consultant may handle?
 - G. Describe your firm's research resources. Include a history of your firm's experience in this area, number of individuals dedicated to this activity, and any publications of your firm relative to your research. Describe the manner in which external resources and internal sources of information are used in the research process. How does your firm integrate internal and external research? Outline your process for monitoring and reporting on market trends.
 - H. Describe any educational seminars sponsored and held by your firm, which are open to clients.

- I. Indicate your firm's level of involvement in public fund/governmental professional organizations.
 - J. What do you consider to be your firm's consulting specialties, strengths and limitations?
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- 3. Provide a list of five (5) references, including number of years as a client, type of services received, and name, address and telephone number of a contact person. (Public fund clients preferred.)
 - 4. Describe your process for helping a pension fund refine its investment goals and guidelines. Outline your process for analyzing a client's investment portfolio structure. Describe your process for recommending modification to the portfolio structure as warranted by changes in the marketplace or benefit obligations/assumptions.
 - 5. Describe your procedures for manager review. What criteria are used in evaluating managers? How do you verify manager information?
 - 6. Describe your universe of money manager performance data. How often are managers in your database visited, reviewed, and their data updated?
 - 7. Are managers charged any fees or other consideration to be included in your universe?
 - 8. Describe your procedures to protect against pay-to-play allegations and possible or apparent conflicts of interest.
 - 9. Does a servicing principal personally interview money managers?
 - 10. Describe your procedures in an investment manager search.
 - 11. State your opinion on market sector specialty managers who work in just one discipline; i.e., fixed income management, equity management vs. balanced managers.
 - 12. Describe your investment performance monitoring process.
 - 13. How do you measure risk?
 - 14. How do you measure return?
 - 15. How timely, after the end of a reporting period, is the evaluation report available?

16. What services, if any, does your firm offer in addition to pension fund consulting services? What proportion of your firm's income (if any) comes from non-consulting services?
17. State your annual fee(s) for a three-year term for the consulting services requested. Indicate what services, if any, are not included in your fees.
18. What characteristics of your consulting approach make your organization unique? Describe the services of your organization that may not be offered by any other consultants.
19. Explain any potential for "conflict" your firm would have in servicing ERS of St. Louis. ("Conflict may include brokerage relationships, money management activities, fee relationships with money managers, soft dollars, etc.) What procedure do you presently employ to mitigate or eliminate potential conflicts of interest?
20. During the last 5 years, has any officer or principal of your organization been involved in litigation relating to consulting activities? If so, provide a brief explanation and indicate the current status of the proceedings.
21. Describe your firm's plans for managing the future growth of your firm. Do you have a limitation of the number of clients you intend to accept?
22. How would you keep ERS Trustees advised of developments on emerging issues, new asset classes, regulatory controls, fiduciary responsibility, etc.?
23. Briefly summarize your firm's philosophy relating to the consultant's relationship with trustees; staff; money managers.
24. What does your firm consider the most crucial issues regarding an investment policy for a public pension plan?
25. Describe any past, present, or threatened litigation, claims, and actions involving your firm, its staff or affiliates
26. Describe any past, present or threatened regulatory compliance inquiries, allegations or findings by regulatory agencies.
27. Describe any source of revenue other than fees from investment advisory services, i.e. soft dollar services, brokerage services, and fees charged investment managers.
28. Describe any political campaign contributions from your firm, its employees, or its affiliates to the Comptroller or Mayor of the City of St. Louis.
29. Provide a copy of your firm's ADV, part 2.

30. Will your firm agree expressly in a contract to accept fiduciary responsibility with respect to its investment advisory services?
31. On how many current accounts does your firm contractually accept fiduciary responsibility for its advice to clients? Describe the length and scope of your firm's experience as a fiduciary.
32. Has your firm or a principal, employee or agent of your firm ever been investigated or charged by the SEC, the U.S. Departments of Justice or Labor, the Internal Revenue Service, or any other federal, state or local regulatory agency for any purported or actual violation of applicable law? If yes, please explain.
33. Does your firm carry a fidelity bond and/or fiduciary liability, professional liability or any other insurance that would be beneficial to the System. If so, please describe the insurer, the type of insurance coverage, and the deductible amount under such coverage. Please also attach a copy of each such policy or an applicable certificate of insurance.
34. Is your firm currently aware of any claims that have been or are being made with respect to such bonds or policies? If so, please describe.
35. Is your firm currently aware of any notices to the insurer with respect to such policies? If so, please describe.